

clearly show as to each day's operations:

(a) The gross amount of all wagers accepted;

(b) The gross amount of each class or type of wager accepted on each separate event, contest, or other wagering medium. For example, in the case of wagers accepted on a horse race, the daily record shall show separately the gross amount of each class or type of wagers (straight bets, parlays, "if" bets, etc.) accepted on each horse in the race. Similarly, in the case of the numbers game, the daily record shall show the gross amount of each class or type of wager accepted on each number.

For additional provisions relating to records, see section 6001 and § 44.6001-1.

**§ 44.4404-1 Territorial extent.**

(a) *In general.* The tax imposed by section 4401 applies to wagers (1) accepted in the United States, or (2) placed by a person who is in the United States (i) with a person who is a citizen or resident of the United States, or (ii) in a wagering pool or lottery conducted by a person who is a citizen or resident of the United States. All wagers made within the United States are taxable irrespective of the citizenship or place of residence of the parties to the wager. Thus, the tax applies to wagers placed within the United States, even though the person for whom or on whose behalf the wagers are received is located in a foreign country and is not a citizen or resident of the United States. Likewise, a wager accepted outside the United States by a citizen or resident of the United States is taxable if the person making such wager is within the United States at the time the wager is made.

(b) *Examples.* The following examples illustrate the application of paragraph (a) of this section:

*Example (1).* A syndicate which maintains its headquarters in a foreign country has representatives in the United States who receive wagers in the United States for or on behalf of such syndicate. For the purposes of section 4404, such wagers are considered as accepted within the United States, the syndicate is considered to be in the business of accepting wagers within the United States, and such wagers are subject to the tax. This

is true regardless of the nationality or residence of the members of the syndicate.

*Example (2).* A Canadian citizen employed in Detroit, Michigan, telephones a horse race bet to a bookmaker who is a United States citizen with his place of business located in Windsor, Canada. The wager is taxable since it is made by a person within the United States with a person who is a United States citizen.

*Example (3).* A United States citizen while visiting Tijuana, Mexico, makes a wager on the outcome of a horse race with a bookmaker who is also a United States citizen located and doing business in Tijuana. The wager is not taxable since both parties to the wager, though United States citizens, were outside the United States at the time the wager was made.

**Subpart C—Occupational Tax**

**§ 44.4411-1 Imposition of tax.**

(a) *In general.* A special tax of \$50 per year is required to be paid by each person:

(1) Who is liable for the tax imposed by section 4401, or

(2) Who is engaged in receiving wagers for or on behalf of any person who is liable for the tax imposed by section 4401.

(b) *Examples.* The application of paragraph (a) of this section may be illustrated by the following examples:

*Example (1).* A, who is engaged in the business of accepting horse race bets, employs ten persons to receive on his behalf wagers which are transmitted by telephone. A also employs a secretary and a bookkeeper. A and each of the ten persons who receives wagers by telephone on behalf of A are liable for the special tax. The secretary and bookkeeper are not liable for the special tax unless they also receive wagers for A.

*Example (2).* B operates a numbers game and has an arrangement with ten persons, who are employed in various capacities, such as bootblacks, elevator operators, news dealers, etc., to receive wagers from the public on his behalf. B also employs C to collect from the ten persons referred to, the wagers received by them on B's behalf and to deliver such wagers to B. C performs no other services for B. B and the ten persons who receive wagers on his behalf are liable for the special tax. C is not liable for the special tax since he is not engaged in receiving wagers for B.

(c) *Cross references.* For provisions relating to the payment of the special tax (computation, manner of payment, etc.), see Subpart D of this part.